



INTERIM REPORT

JANUARY–SEPTEMBER

2006 Q3

- Sales SEK 13,716 m. (12,458)
- Net income for the period SEK 979 m. (631)
- Earnings per share SEK 8.73 (5.63)
- Operating income SEK 1,322 m. (944), income after financial items SEK 1,293 m. (889)
- Order bookings SEK 20,127 m. (11,165)
- Order backlog SEK 52 billion (43)

Statement by the CEO:

“Saab continues to do well. After three quarters, sales and income are well in line with our expectations. We have finalized strategically important acquisitions that are now being integrated in Saab, and the order backlog is the highest ever.”



Integration and record order backlog

Statement by the CEO:

“Saab continues to do well. After three quarters, sales and income are well in line with our expectations. We have finalized strategically important acquisitions that are now being integrated in Saab, and the order backlog is the highest ever.”

Sales rose by 10 percent to SEK 13,716 m. (12,458), of which 63 percent is attributable to sales outside Sweden. Operating income rose substantially to SEK 1,322 m. (944), producing an operating margin after structural costs of 9.6 percent (7.6). Order bookings are substantially improved compared with the same period last year, the large part of which is attributable to the order from Pakistan for an airborne surveillance system. The acquisition of Ericsson Microwave Systems added slightly over four billion kronor to Saab’s order backlog, which is now the highest ever, SEK 52 billion.

Strategic acquisitions and integration

The strategically important acquisitions of Ericsson Microwave Systems (EMW) and Maersk Data Defence of Denmark were approved by regulatory authorities, and since September 1 they are part of Saab.

The new unit Saab Microwave Systems is now part of the Systems and Products segment and complements Saab’s portfolio of world-leading products and technologies in the sensor and radar area. Extensive integration work is now under way to capitalize on the synergies resulting from the acquisition.

As of September 1 Maersk Data Defence is part of the business units Saab Systems and Saab Communication, which are reported in the Defence and Security Solutions segment. The acquisition creates new business opportunities and strengthens Saab’s position as the dominant defence company in the Nordic region.

Important events

In the *Aeronautics* business segment, the Gripen program noted several important gains during the third quarter. The order from the Swedish defence for development work and software upgrades worth SEK 1 billion was the largest single order during the quarter. At the same time the Gripen system received important international attention through the Swedish Air Force’s participation in one of the world’s largest multinational exercises, Red Flag Alaska. ETPS (Empire Test Pilots School), Britain’s world-class flight test training school, is greatly expanding its use of Gripen. This provides further support for Saab’s aggressive efforts in the export market.

In our civil aviation operations, we are seeing that Saab’s world-leading support and service solutions for commercial aircraft continue to generate solid order bookings – nearly SEK 350 m. during the quarter.

Delays in the Airbus A380 program, where Saab is developing and manufacturing the mid and outer fixed leading edge of the wing, will lead to rescheduling of our deliveries. The program represents such a small part of Saab’s overall operations that the impact on income is marginal.



Åke Svensson
President and CEO.

In the *Defence and Security Solutions* segment, a new business unit is formed, Saab Surveillance Systems, which has overall responsibility for current and future business in airborne surveillance. In addition to the order from Pakistan, the Swedish defence has placed an order for modification of two Saab 340 AEW-200 aircraft to international standard. The order is valued at approximately SEK 170 m.

In the future niche of civil security, two important orders were signed during the quarter. As a partner to Securitas, Saab will supply the technological platform to improve security at Stockholm's Arlanda Airport. Banverket, the public authority responsible for the Swedish railway network, has ordered the delivery of a centralized traffic control, an automated safety system. The contract is valued at SEK 164 m.

In the *Systems and Products* segment, a significant order was received from the Royal Danish Navy to upgrade all of its Double Eagle underwater vehicles. The order, including options, is worth over SEK 100 m. and reaffirms the system's future potential as an autonomous underwater vehicle for both civil and military missions.

After the conclusion of the quarter, Saab received an order worth SEK 1 billion from Poland, the second NATO country after Germany to sign a contract for the heavy-weight surface-to-surface missile RBS15 Mk3.

HIGHLIGHTS THIRD QUARTER 2006

Saab received an order worth SEK 1 billion from FMV (the Swedish Defence Materiel Administration) for continued development of the Gripen system. The order, which is part of the Gripen system's continuous development and upgrade process, covers development work and software upgrades.

Saab signed an agreement with FMV on the upgrade of two Saab 340AEW-200 aircraft to a new international inter-operational standard. The order is valued at approximately SEK 170 m.

Mikael Grodzinsky was appointed the new Director of Human Resources for Saab from November 1. He succeeds Mats Lindman, who will be engaged in other assignments at Saab before retiring.

Saab's acquisition of Maersk Data Defence, which was announced on May 29, 2006, was approved by the Danish Ministry of Justice. Maersk Data Defence will now be integrated in the business units Saab Communication and Saab Systems.

Forecast 2006

Saab's long-term financial objectives remain unchanged: 5 percent organic growth and an operating margin of 10 percent over a business cycle.

For 2006 Saab expects growth of nearly 10 percent. Organic growth will be somewhat lower than 5 percent; the remainder is due to the inclusion of Grintek for the whole year and Saab Microwave Systems from September 2006. The growth forecast remains unchanged since the previous report.

The underlying operating margin is expected to reach the 10-percent target before structural costs. Structural costs, which will affect income for 2006, total approximately SEK 450 m. Approximately SEK 200 m. of this amount relates to integration costs for Saab Microwave Systems. The remaining SEK 250 m. relates to other operations, as previously announced."

Reference is also made to Note 12 in this interim report.

Saab's acquisition of Ericsson Microwave Systems and the remaining parts of Saab Ericsson Space, which was announced on June 12, 2006, was approved by the EU Commission. As of September 1 of this year these units are part of Saab under the names Saab Microwave Systems and Saab Space. They are consolidated in the Systems and Products segment.

During the third quarter Saab signed support and maintenance contracts for military and commercial aircraft with a combined value of nearly SEK 350 m.

Saab signed an order to upgrade all of the Royal Danish Navy's Double Eagle underwater vehicles. The order, including options, is worth over SEK 100 m.

Saab was named the main contractor for the delivery of a centralized traffic control, an automated safety system. The contract, valued at SEK 164 m., was from Banverket, the public authority responsible for the Swedish railway network.

SALES, INCOME AND ORDERS

Sales

Group sales rose compared with the previous year to SEK 13,716 m. (12,458), an increase of 10 percent. Organic growth was approximately 5 percent, and the remainder was attributable to the acquisitions of Saab Grintek on May 31, 2005 and Saab Microwave on September 1, 2006. Third-quarter sales amounted to SEK 4,260 m. (4,025), an increase of 5.8 percent mainly attributable to the acquisition of Saab Microwave Systems.

Seventy-seven percent (81) of sales related to the defence market. International markets accounted for 63 percent (53) of sales, exceeding the home market.

Sales for Defence and Security Solutions rose to SEK 5,585 m. (4,270). The increase is mainly due to the consolidation of Saab Grintek and higher volumes in the business units Saab Systems, Saab Aerotech and Saab Surveillance Systems. Third-quarter sales amounted to SEK 1,913 m. (1,409).

Sales for Systems and Products rose to SEK 4,778 m. (4,717). The increase is mainly due to the acquisition of Saab Microwave Systems and higher volumes for Saab Avionics, while lower volumes for Saab Training Systems, Saab Bofors Dynamics and Saab Underwater Systems led to lower sales. Saab Barracuda's sales rose in the U.S. market, which remains strong. Third-quarter sales amounted to SEK 1,417 m. (1,297).

Aeronautics' sales increased to SEK 4,358 m. (4,223). Saab Aerosystems' sales rose due to higher invoicing for the Gripen system in export markets. Third-quarter sales amounted to SEK 1,233 m. (1,391).

Income, margin and profitability

Operating income amounted to SEK 1,322 m. (944), corresponding to a margin of 9.6 percent (7.6). Operating income was affected by the gain of SEK 180 m. on the sale of the subsidiary Saab Metech and structural costs of SEK 112 m. (163). Excluding structural costs, the margin was 10.5 percent (8.9). Operating income for the third quarter amounted to SEK 369 m. (374), corresponding to a margin of 8.7 percent (9.3). Structural costs during the third quarter were SEK 21 m. (45).

Operating income for Defence and Security Solutions amounted to SEK 543 m. (386) with an operating margin of 9.7 percent (9.0). The income improvement was mainly due to higher margins in Saab Combitech and the consolidation of Saab Grintek. Structural costs amounted to SEK 34 m. (32). Operating income for the third quarter amounted to SEK 199 m. (98).

Systems and Products' operating income was slightly lower than the previous year, at SEK 488 m. (510). Income decreased for Saab Training and Saab Bofors Dynamics, mainly as a result of lower volumes. Income improvements were reported by Saab Avionics, other units in line with the previous year. Saab Microwave Systems had little impact on third-quarter results. The operating margin was 10.2 percent (10.8). Structural costs amounted to SEK 14 m. (16). Operating income for the third quarter was SEK 106 m. (123).

Operating income for Aeronautics improved to SEK 212 m. (29), mainly because the second quarter of 2005 was charged with provisions of SEK 250 m. for the helicopter program. Structural costs of SEK 62 m. (102) were charged against income. The operating margin was 4.9 percent (0.7). Operating income for the third quarter amounted to SEK 39 m. (87).

Corporate reported operating income of SEK 79 m. (19), of which the result for the third quarter was SEK 25 m. (66). Income for the period was positively affected by the gain of SEK 180 m. on the sale of Saab Metech. Corporate consists of shared Group expenses, expenses and income attributable to support operations, trading, results from certain operating companies and results in connection with liquidations. Consequently, results vary between periods.

Results from leasing operations for the Saab 340 and Saab 2000 fleet, which are reported in Corporate, had no impact on income for the period. As of September 30 the leasing fleet comprised 180 Saab 340 and Saab 2000 aircraft, a decrease of 37 since the beginning of the year. Of the leasing fleet, 128 aircraft are covered by portfolio insurance, 42 are guaranteed by the Swedish Export Credits Guarantee Board and 9 are financed with non-recourse loans. One aircraft in the fleet is uninsured.

The Group's gross income rose to SEK 3,543 m. (2,734), corresponding to a gross margin of 25.8 percent (21.9). The increase is attributable to improved gross margins for all business segments.

Other operating income includes the capital gain of SEK 180 m. on the sale of Saab Metech, currency gains and results from secondary activities. Marketing and administrative expenses amounted to SEK 1,970 m. (1,609). The increase compared with the previous year is mainly due to the acquisition of Saab Grintek. Of the period's internally funded investments in research and development, a total of SEK 274 m. (183) has been capitalized and SEK 401 m. (298) has been charged to operating income for the year, which includes amortization of SEK 94 m. (61). Other operating expenses consist of a receivable write-down, exchange rate

differences and capital losses. Project interest from unutilized advance payments reduced the financial net by SEK 63 m. (45) and is reported as gross income.

Net financial income and expenses amounted to SEK -29 m. (-55). The average return on external investments was 1.6 percent (3.3). The Group's income after financial items amounted to SEK 1,293 m. (889). Current and deferred taxes amounted to SEK -314 m. (-258), which means an effective tax rate of 24 percent (29). The low effective tax is due to tax-exempt capital gains of SEK 180 m.

Net income for the period was SEK 979 m. (631), of which the minority interest was SEK 26 m. (16). Earnings per share amounted to SEK 8.73 (5.63).

For the most recent twelve-month period the pretax return on capital employed was 17.4 percent and the after-tax return on equity was 16.7 percent.

Orders

The Group's order bookings amounted to SEK 20,127 m. (11,165). Order bookings in the third quarter amounted to SEK 4,547 m. (4,203), of which the order from the Swedish defence for development work and software upgrades for Gripen accounted for SEK 1 billion. Seventy-five percent (67) of orders came from customers outside Sweden. Orders received during the third quarter are listed in the section "Important orders." The order backlog at the end of the period amounted to SEK 52,052 m., against SEK 42,198 m. at the beginning of the year. Of the year's increase totaling SEK 9,854 m., SEK 4,000 m. relates to the acquisition of Saab Microwave Systems. The acquired order backlog is reported exclusive of orders where Saab Microwave Systems is a subcontractor to other Saab units. In total, Saab Microwave Systems' order backlog was SEK 7,578 m. as of September 30. International markets accounted for 79 percent (75) of the order backlog.

BALANCE SHEET, FINANCING AND LIQUIDITY

Intangible assets amount to SEK 7,900 m. (3,222). The increase relates to the acquisitions of Saab Microwave Systems, Saab Ericsson Space and Maersk Data Defence and consists of acquired goodwill, product development/technology and customer relations, etc. During the first nine months product development of SEK 274 m. was capitalized and amortization amounts to SEK 94 m.

Lease assets decreased according to plan by SEK 1,157 m. During the year 29 aircraft were sold. Inventories

increased by SEK 1,063 m., mainly due to the acquisition of Saab Microwave Systems and higher inventories in the business units Saab Avionics and Saab Bofors Dynamics.

Compared with the beginning of the year, cash and marketable securities less liabilities to credit institutions have decreased by SEK 5,466 m., which means that the Group has net debt of SEK 322 m., against net liquidity of SEK 5,144 m. at the beginning of the year. Net liquidity as of September 30, 2005 was SEK 4,373 m. The decrease during 2006 is attributable to the capitalization of the Saab Pension Fund by SEK 2,503 m. in the first quarter of 2006 and the acquisition of Saab Microwave Systems in September 2006, which resulted in a net outlay of approximately SEK 3.2 billion. The Group's net liquidity *including* interest-bearing receivables *after deducting* provisions for pensions decreased to SEK 22 m. from SEK 2,856 m. at the beginning of the year.

The Group's equity/assets ratio was 30 percent, against 31 percent at the beginning of the year. Shareholders' equity related to the Parent Company's shareholders amounted to SEK 9,498 m. (8,523), compared with SEK 9,179 m. at the beginning of the year, or SEK 87.02 (78.09) per share. In the second quarter a dividend of SEK 437 m. was paid to the Parent Company's shareholders.

Accrued expenses and deferred income have increased by SEK 2,349 m., mainly related to increased milestone payments.

Cash flow

Operating cash flow amounted to SEK -2,342 m. (1,743) during the period and was distributed between cash flow from core businesses of SEK 384 m. (1,848), the sale of Nammo and Saab Metech of SEK 620 m., other acquisitions and divestments of Group companies of SEK -3,373 m. (-44) and aircraft leasing operations of SEK 27 m. (-61). During the period 29 Saab 340 were sold, due to which working capital decreased and cash flow from investing activities was positively affected. See also note 6. Cash flow by business segment is shown in the table on page 13.

Acquisitions and divestments

During the first quarter a joint venture was formed with TietoEnator – TietoSaab Systems Oy. The new company, in which Saab holds a 40-percent share, was formed through a non-cash issue with Saab contributing the net assets of Elesco Oy. TietoEnator also received SEK 48 m. in cash. The transaction generated goodwill of SEK 48 m.

On March 27 the subsidiary Saab Metech AB was sold.

The purchase price of SEK 253 m. resulted in a gain of SEK 180 m. If the divestment had taken place on January 1, 2006, the Group's sales would have been SEK 57 m. lower, while operating income would have decreased by SEK 7 m. Net income would have decreased by SEK 5 m., excluding capital gains.

On May 1 Saab acquired 100 percent of the shares in the South African electronics engineering company Aerospace Monitoring and Systems (Pty) Ltd (AMS). The purchase price was 25 million rand, which means that reported goodwill is 20 million rand. The acquisition was financed with liquid assets. Including liquid assets in the acquired company, the group's liquid assets declined by 20 million rand or approximately SEK 25 m. AMS has 75 employees with sales of approximately 58 million rand in 2005.

Saab has reached an agreement with Denel of South Africa to initially acquire 20 percent of a new aerostuctures company with the option to acquire a majority interest after three years. The acquisition will be reported according to the equity method. According to the agreement, Saab will contribute SEK 70 m. to the new company. Because the majority owner will contribute the capital needed to ensure a positive result during the initial buildup phase, the impact on Saab's result will be nil under the first three years.

On September 1 all the shares in Ericsson Microwave Systems AB were acquired for SEK 3,750 m. The surplus value of SEK 3,576 m., of which identified other intangible assets SEK 2,957 m., goodwill SEK 1,447 m. and deferred tax liabilities SEK 828 m. The amortization period for intangible assets ranges between 5 and 15 years. Goodwill mainly consists of estimated effects of synergies and human capital resources. The acquisition was financed with cash and marketable securities and a short-term loan as part of an existing credit facility of SEK 1,000 m. The number of employees as of September 30 was 1,199.

If the acquisition of Saab Microwave Systems had taken place on January 1, Group sales would have been SEK 1,840 m. higher; operating income, including amortization of intangible assets of SEK 136 m., would have been SEK 42 m. lower; and income after tax SEK 29 m. lower. Earnings per share would have been negatively affected by SEK 0.27.

Forty percent of the shares in Saab Ericsson Space AB were acquired on September 1 for SEK 100 m. The surplus

value of SEK 25 m. is attributable in its entirety to goodwill and consists of synergy effects.

Saab Ericsson Space was already 60-percent owned and consolidated in the Group, because of which only net income would have been affected by a January 1 acquisition. Net income would have been positively affected by SEK 2 m. and earnings per share by SEK 0.02.

On August 31 all the shares in Denmark's Maersk Data Defence A/S were acquired. The purchase price is conditional on the company's income for 2006. The estimated price slightly exceeds DKK 53 million. On the closing day, August 31, DKK 20 million was paid, with the remainder to be paid when the financial accounts for 2006 are completed. Translated to Swedish kronor, the preliminary purchase price amounted to SEK 66 m. The preliminary surplus value amounts to DKK 69 million or SEK 86 m. and deferred tax liability amounts to SEK 24 m. The surplus value is attributable in its entirety to acquired product development/technology and will be amortized over a 15-year period. The acquisition was financed with cash and marketable securities, and the number of employees as of September 30 is 179.

If the acquisition of Maersk Data Defence A/S had taken place on January 1, the Group's sales would have been SEK 92 m. higher and operating income SEK 24 m. lower. Earnings per share would have been affected by SEK -18 m. and earnings per share by SEK -0.16.

Reference is also made to Note 7 in this interim report.

Contingent liabilities

No additional contingent liabilities were added during the period other than those that arose through the acquisition of Saab Microwave Systems, which amounted to approximately SEK 970 m.

Capital expenditures

The Group's gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 270 m. (196).

Personnel

At the end of the period the Group had 13,555 employees, against 12,830 at the beginning of the year. The acquisition of Saab Microwave Systems raised the number of employees by 1,199 and the acquisition of Maersk Data Defence raised the number of employees with 179.

Owners

Saab's 15 largest shareholders are Investor AB, BAE SYSTEMS, the Wallenberg foundations, AMF Pension funds, Robur funds, JP Morgan Chase Bank, Odin funds, SEB funds, AMF Pension, Nordea funds, Kas Depository Trust Company, Ssb CI Omnibus HQ funds, Skandia Liv, Ac and SHB/SPP funds.

Linköping, October 20, 2006

Åke Svensson

President and Chief Executive Officer

This interim report has not been reviewed by the company's auditors.

Financial information dates:

The 2006 Report will be published on February 15, 2007.

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Press conference

**with President and CEO Åke Svensson
and CFO Lars Wahlund**

Today, Friday, October 20, 2006, 9:30 a.m. (CET)

World Trade Center, Stockholm

Contact Peter Larsson, Press Secretary, tel +46 734 18 00 18

International teleconference :

Today, Friday, October 20, 2006, 4:00 p.m. (CET)

Contact Göran Wedholm to register and for further information, tel +46 13 18 71 21

Income statement

SEK m.	Note	9 mos. 2006	9 mos. 2005	Rolling 12 mos.	12 mos. 2005
Sales	3	13,716	12,458	20,572	19,314
Cost of goods sold		-10,173	-9,724	-15,452	-15,003
Gross income		3,543	2,734	5,120	4,311
Gross margin		25.8%	21.9%	24.9%	22.3%
Other operating income		262	111	473	322
Marketing expenses		-1,061	-882	-1,382	-1,203
Administrative expenses		-909	-727	-1,314	-1,132
Research and development costs		-401	-298	-655	-552
Other operating expenses		-118	-48	-229	-159
Share in income of associated companies		6	54	17	65
Operating income ¹⁾	3	1,322	944	2,030	1,652
Operating margin		9.6%	7.6%	9.9%	8.6%
Share in income of associated companies		-15	-	-35	-20
Financial income		137	148	217	228
Financial expenses		-151	-203	-257	-309
Net financial items		-29	-55	-75	-101
Income before taxes		1,293	889	1,955	1,551
Taxes	4	-314	-258	-408	-352
Net income for the period		979	631	1,547	1,199
Of which Parent Company shareholders' interest		953	615	1,527	1,189
Of which minority interest		26	16	20	10
Earnings per share before and after dilution, SEK ²⁾		8.73	5.63	13.99	10.89
¹⁾ Includes depreciation of		-621	-696	-864	-939
of which depreciation of lease assets		-217	-318	-318	-419
²⁾ Average number of shares		109,150,344	109,150,344	109,150,344	109,150,344

Quarterly income statement

SEK m.	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Sales	4,260	5,145	4,311	6,856	4,025	4,611	3,822
Cost of goods sold	-3,067	-3,909	-3,197	-5,279	-3,095	-3,722	-2,907
Gross income	1,193	1,236	1,114	1,577	930	889	915
Gross margin	28.0%	24.0%	25.8%	23.0%	23.1%	19.3%	23.9%
Other operating income	23	54	185	211	71	14	26
Marketing expenses	-368	-358	-335	-321	-283	-307	-292
Administrative expenses	-330	-299	-280	-405	-240	-256	-231
Research and development costs	-152	-130	-119	-254	-111	-106	-81
Other operating expenses	5	-102	-21	-111	-8	-35	-5
Share in income of associated companies	-2	3	5	11	15	26	13
Operating income ¹⁾	369	404	549	708	374	225	345
Operating margin	8.7%	7.8%	12.7%	10.3%	9.3%	4.9%	9.0%
Share in income of associated companies	-2	-12	-1	-20	-	-	-
Financial income	39	39	59	80	38	50	60
Financial expenses	-49	-28	-74	-106	-67	-58	-78
Net financial items	-12	-1	-16	-46	-29	-8	-18
Income before taxes	357	403	533	662	345	217	327
Taxes	-107	-102	-105	-94	-100	-63	-95
Net income for the period	250	301	428	568	245	154	232
Of which Parent Company shareholders' interest	237	293	423	574	231	161	223
Of which minority interest	13	8	5	-6	14	-7	9
Earnings per share before and after dilution, SEK, kr ²⁾	2.17	2.68	3.88	5.26	2.11	1.48	2.04
¹⁾ Includes depreciation of	-235	-191	-195	-243	-225	-243	-228
of which depreciation of lease assets	-67	-71	-79	-101	-94	-115	-109
²⁾ Average number of shares	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

Balance sheet

SEK m.	Note	30/9 2006	31/12 2005	30/9 2005	1/1 2005
ASSETS					
Fixed assets					
Intangible fixed assets		7,900	3,222	3,175	2,822
Tangible fixed assets		4,337	4,208	4,140	4,100
Lease assets		2,920	4,077	4,324	4,371
Biological assets		209	217	213	213
Investment properties		61	62	59	59
Shares in associated companies		256	316	201	540
Financial investments		121	128	279	263
Long-term receivables		1,120	1,090	1,098	1,006
Deferred tax receivables		123	319	333	675
Total fixed assets		17,047	13,639	13,822	14,049
Current assets					
Inventories		5,025	3,962	4,330	3,773
Derivatives		387	434	517	1,227
Tax receivables		153	93	109	108
Account receivables		3,388	3,017	2,597	2,657
Prepaid expenses and accrued income		973	608	881	635
Other receivables		3,840	2,578	1,820	1,727
Short-term investments		-	4,624	4,426	3,183
Cash and marketable securities	6	1,706	1,574	1,124	1,136
Total current assets		15,472	16,890	15,804	14,446
Assets held for sale		36	65	397	182
Total assets	11	32,555	30,594	30,023	28,677

SEK m.	Note	30/9 2006	31/12 2005	30/9 2005	1/1 2005
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Parent Company's shareholders' interest		9,498	9,179	8,523	8,198
Minority interest		208	314	300	103
Total shareholders' equity		9,706	9,493	8,823	8,301
Long-term liabilities					
Long-term interest-bearing liabilities		600	739	815	793
Lease obligations		268	665	946	1,315
Other liabilities		360	388	317	344
Provisions for pensions	8	431	2,939	2,983	3,034
Other provisions		1,978	2,214	2,159	1,817
Deferred tax liabilities		750	28	50	50
Total long-term liabilities		4,387	6,973	7,270	7,353
Current liabilities					
Short-term interest-bearing liabilities		1,428	315	362	315
Advance payments from customers		4,364	3,528	3,100	2,860
Accounts payable		1,412	1,263	1,270	1,173
Lease obligations		562	858	961	910
Derivatives		251	365	416	266
Tax liabilities		165	167	167	92
Other liabilities		986	827	864	712
Accrued expenses and deferred income		8,501	6,152	6,340	6,268
Provisions		793	616	369	422
Total current liabilities		18,462	14,091	13,849	13,018
Liabilities attributable to assets held for sale		-	37	81	5
Total liabilities		22,849	21,101	21,200	20,376
Total shareholders' equity and liabilities	11	32,555	30,594	30,023	28,677

Changes in shareholders' equity

SEK m.	Equity attributable to Parent Company's shareholders					Total	Minority interest	Total shareholders' equity
	Capital stock	Other capital contributions	Net gain on cash flow hedges	OTHER RESERVES Translation reserve	Retained earnings			
Opening balance, January 1, 2006	1,746	543	6	298	6,586	9,179	314	9,493
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	-274	-	-274	-57	-331
Net gain on cash flow hedges	-	-	77	-	-	77	-	77
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	953	953	26	979
Transactions with owners:								
Dividend	-	-	-	-	-437	-437	-	-437
Acquisition and sale of operations	-	-	-	-	-	-	-75	-75
Closing balance, September 30, 2006	1,746	543	83	24	7,102	9,498	208	9,706
Opening balance, January 1, 2005	1,746	543	-	-1	5,830	8,118	103	8,221
Effect of change in accounting principle	-	-	104	-	-24	80	-	80
Adjusted shareholders' equity, January 1, 2005	1,746	543	104	-1	5,806	8,198	103	8,301
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	232	-	232	11	243
Net gain on cash flow hedges	-	-	-113	-	-	-113	-	-113
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	615	615	16	631
Transactions with owners:								
Dividend	-	-	-	-	-409	-409	-	-409
Acquisition and sale of operations	-	-	-	-	-	-	170	170
Closing balance, September 30, 2005	1,746	543	-9	231	6,012	8,523	300	8,823

Statement of cash flows

SEK m.	Note	9 mos. 2006	9 mos. 2005	12 mos. 2005
Operating activities				
Income after financial items		1,293	889	1,551
Adjustments for items not affecting cash flow		708	976	1,398
Income tax paid		-87	-80	-110
Cash flow from operating activities before changes in working capital		1,914	1,785	2,839
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-1,028	-166	356
Increase(-)/Decrease(+) in current receivables		-1,589	328	-43
Increase(+)/Decrease(-) in advance payments from customers		-126	82	481
Increase(+)/Decrease(-) in lease obligations		-497	-665	-1,022
Increase(+)/Decrease(-) in other current liabilities		1,882	699	417
Increase(+)/Decrease(-) in provisions		-174	-241	-331
Cash flow from operating activities		382	1,822	2,697
Investing activities				
Investments in intangible fixed assets		-37	-	-1
Sale of intangible fixed assets		-	-	-
Capitalized development costs		-274	-183	-292
Investments in tangible fixed assets		-270	-196	-296
Sale of tangible fixed assets		42	33	37
Investments in lease assets		-	-	-109
Sale of lease assets		533	518	799
Investments in and sale of financial assets		5,073	-1,404	-1,598
Investments in subsidiaries, net effect on liquidity	7	-3,373	-301	-293
Sale of subsidiaries, net effect on liquidity	7	219	257	257
Cash flow from investing activities		1,913	-1,276	-1,496
Financing activities				
Loans raised		991	78	-
Amortization of loans		-	-	-36
Pensions paid and establishment of pension fund		-2,620	-246	-356
Dividend paid to Parent Company's shareholders		-437	-409	-409
Dividend paid to minority interest		-	-	-4
Cash flow from financing activities		-2,066	-577	-805
Cash flow for the period		229	-31	396
Liquid assets at beginning of year		1,557	1,129	1,129
Exchange rate difference in liquid assets		-80	26	32
Liquid assets at end of period	6	1,706	1,124	1,557

Quarterly information ¹⁾

SEK m.	JANUARY-MARCH				APRIL-JUNE			
	2006		2005		2006		2005	
Sales								
Defence & Security Solutions	1,738		1,261		1,934		1,600	
Systems & Products	1,482		1,546		1,879		1,874	
Aeronautics	1,591		1,280		1,534		1,552	
Corporate	69		25		49		18	
Internal sales	-569		-290		-251		-433	
	4,311		3,822		5,145		4,611	
Operating income								
Defence & Security Solutions	192	11.0%	113	9.0%	152	7.9%	175	10.9%
Systems & Products	143	9.6%	169	10.9%	239	12.7%	218	11.6%
Aeronautics	72	4.5%	97	7.6%	101	6.6%	-155	-10.0%
Corporate	142		-34		-88		-13	
	549	12.7%	345	9.0%	404	7.8%	225	4.9%
Net financial items	-16		-18		-1		-8	
Income before taxes	533		327		403		217	
Net income for the period	428		232		301		154	
Attributable to Parent								
Company's shareholders	423		223		293		161	
Earnings per share	3.88		2.04		2.68		1.48	
No. of shares, thousands	109,150		109,150		109,150		109,150	

SEK m.	JULY-SEPTEMBER				OCTOBER-DECEMBER			
	2006		2005		2006		2005	
Sales								
Defence & Security Solutions	1,913		1,409				2,033	
Systems & Products	1,417		1,297				2,680	
Aeronautics	1,233		1,391				2,552	
Corporate	49		15				24	
Internal sales	-352		-87				-433	
	4,260		4,025				6,856	
Operating income								
Defence & Security Solutions	199	10.4%	98	7.0%			249	12.2%
Systems & Products	106	7.5%	123	9.5%			308	11.5%
Aeronautics	39	3.2%	87	6.3%			115	4.5%
Corporate	25		66				36	
	369	8.7%	374	9.3%			708	10.3%
Net financial items	-12		-29				-46	
Income before taxes	357		345				662	
Net income for the period	250		245				568	
Attributable to Parent								
Company's shareholders	237		231				574	
Earnings per share	2.17		2.11				5.26	
No. of shares, thousands	109,150		109,150				109,150	

¹⁾ For information on the business segments see note 3 on page 17.

Five-year overview

SEK m., unless otherwise stated	2005	2004 ⁵⁾	2003	2002	2001
Order bookings	17,512	16,444	19,606	19,521	15,274
Order backlog at Dec. 31	42,198	43,162	45,636	43,082	40,034
Sales	19,314	17,848	17,250	16,538	15,689
Foreign market sales, %	56	48	46	41	40
Operating income	1,652	1,853	1,293	1,220	1,594
Operating margin, %	8.6	10.4	7.5	7.4	10.2
Operating margin before depreciation, excluding depreciation of lease assets, %	11.2	13.1	11.1	11.2	14.4
Income after financial items	1,551	1,712	1,073	993	1,554
Net income for the year	1,199	1,310	746	732	1,127
Total assets	30,594	27,509	28,704	28,109	29,901
Operating cash flow	2,540	325	545	-92	1,642
Return on capital employed, %	14.6	17.3	12.7	11.6	15.5
Return on equity, %	13.5	16.7	10.8	10.8	18.3
Equity/assets ratio, %	31.0	29.9	24.4	24.3	22.3
Earnings per share, SEK ^{2) 4)}	10.89	11.78	7.00	6.87	10.59
after full conversion, SEK ^{3) 4)}	10.89	11.78	6.91	6.78	10.40
before goodwill amortization, SEK ^{2) 4)}	10.89	11.78	8.59	8.52	12.11
Dividend per share, SEK	4.00	3.75	3.50	3.50	3.25
Equity per share, SEK ¹⁾	84.10	74.89	65.75	64.17	62.74
Number of employees at year-end	12,830	11,936	13,414	14,036	14,028

¹⁾ Number of shares as of December 31, 2005: 109,150,344; 2004: 109,150,344; 2003: 106,517,563; 2002: 106,510,374; and 2001: 106,459,675

²⁾ Average number of shares 2005: 109,150,344; 2004: 108,234,126; 2003: 106,513,969; 2002: 106,487,407; and 2001: 106,459,675

³⁾ Average number of shares 2005: 109,150,344; 2004: 108,234,126, after full conversion 2001-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

⁴⁾ Net income for the period less minority interest divided by the average number of shares.

⁵⁾ Restated according to IFRS, previous years are not restated

Key ratios and targets

Percent	target	9 mos. 2006	9 mos. 2005	12 mos. 2005
Operating margin before depreciation/amortization excluding leasing, %		12.6	10.6	11.2
Operating margin after depreciation/amortization, %	10.0	9.6	7.6	8.6
Earnings per share, SEK ¹⁾		8.73	5.63	10.89
Return on capital employed before tax, %		17.4	16.5	14.6
Return on equity after tax, %	15.0	16.7	14.9	13.5
Equity/assets ratio, %	30.0	29.8	29.7	31.0
Equity per share, SEK ¹⁾		87.02	78.57	84.10

¹⁾ Average number of shares 109,150,344

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, registered office in Linköping, Sweden, has been listed on the O-list of the Stockholm Stock Exchange since 1998 and on the Attract 40 section of the O-list since 2005. The company's operations, including subsidiaries and associated companies (the Group), are described in Note 3.

The Board of Directors and the President approved this interim report for the period January 1 – September 30, 2006 for publication on October 20, 2006.

NOTE 2

ACCOUNTING PRINCIPLES

This interim report is prepared according to the Annual Accounts Act and IAS 34.

The same accounting principles have been applied during the period as in 2005, as described on pages 56-62 of the annual report. The interim report does not contain all the information and disclosures available in the annual report, and the interim report should be read together with the annual report for 2005.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and space. Operations are primarily focused on well-defined areas in defence electronics, missile systems and space electronics as well as military and commercial aviation. Saab is also active in technical services and maintenance.

While Europe is its main market, Saab has growing markets in Australia, South Africa and the U.S.

Description of business segments:

Defence & Security Solutions delivers technical support and services, command and control systems, system-of-systems solutions and lifecycle commitments for services and solutions.

Systems & Products develops and manufactures complete systems at various levels, including further development and upgrades, studies and demonstrators, as well as maintenance and components. Lifecycle commitments that include operation of delivered systems are part of the offering.

Aeronautics comprises both military and civilian operations and is dominated by the advanced, and important, Gripen program. Civilian operations are growing through the supply of subsystems and components to the two major manufacturers of passenger and transport aircraft, Airbus and Boeing.

Corporate comprises Group staffs and departments and peripheral operations. It also includes the leasing fleet of 190 Saab 340 and Saab 2000 aircraft.

SALES AND ORDER INFORMATION

Sales by business segment

SEK m.	9 mos. 2006	9 mos. 2005	Change	Q3 2006	Q3 2005	Rolling 12 mos.	12 mos. 2005
Defence & Security Solutions	5,585	4,270	30.8%	1,913	1,409	7,618	6,303
Systems & Products	4,778	4,717	1.3%	1,417	1,297	7,458	7,397
Aeronautics	4,358	4,223	3.2%	1,233	1,391	6,910	6,775
Corporate	167	58		49	15	191	82
Internal sales	-1,172	-810		-352	-87	-1,605	-1,243
Saab-gruppen	13,716	12,458	10.1%	4,260	4,025	20,572	19,314

NOTE 3 continued

Sales by geographic market

SEK m.	9 mos. 2006	% of sales	9 mos. 2005	% of sales	12 mos. 2005	% of sales
Sweden	5,055	37%	5,812	47%	8,541	44%
Rest of EU	3,376	25%	3,550	28%	5,420	28%
Rest of Europe	167	1%	228	2%	343	2%
Total, Europe	8,598	63%	9,590	77%	14,304	74%
North America	1,129	8%	1,143	9%	1,608	8%
Latin America	42	0%	59	1%	83	0%
Asia	1,285	9%	525	4%	684	4%
Australia, etc.	637	5%	743	6%	1,195	6%
Africa	2,025	15%	398	3%	1,440	8%
Saab Group	13,716	100%	12,458	100%	19,314	100%

Order bookings by business segment

SEK m.	9 mos. 2006	9 mos. 2005	Q3 2006	Q3 2005	12 mos. 2005
Defence & Security Solutions	13,672	5,377	1,771	1,514	7,648
Systems & Products	3,804	4,366	1,393	1,913	6,726
Aeronautics	3,510	1,829	1,563	911	3,603
Corporate	44	69	23	3	243
Internal	-903	-476	-203	-138	-708
Saab Group	20,127	11,165	4,547	4,203	17,512

Order backlog by business segment

SEK m.	Sept. 2006	Dec. 2005	Sept. 2005
Defence & Security Solutions	13,350	5,300	5,016
Systems & Products	19,801	16,325	16,531
Aeronautics	20,705	21,970	22,848
Corporate	40	163	12
Internal	-1,844	-1,560	-1,747
Saab Group	52,052	42,198	42,660

NOTE 3 continued

OPERATING INCOME

Operating income by business segment

SEK m.	9 mos. 2006	% of sales	9 mos. 2005	% of sales	Rolling 12 mos.	% of sales	12 mos. 2005	% of sales
Defence & Security Solutions	543	9.7%	386	9.0%	792	10.4%	635	10.1%
Systems & Products	488	10.2%	510	10.8%	796	10.7%	818	11.1%
Aeronautics	212	4.9%	29	0.7%	327	4.7%	144	2.1%
Corporate	79		19		115		55	
Saab Group	1,322	9.6%	944	7.6%	2,030	9.9%	1,652	8.6%

Operating income by business segment with structural costs reported separately

SEK m.	9 mos. 2006	% of sales	9 mos. 2005	% of sales	Rolling 12 mos.	% of sales	12 mos. 2005	% of sales
Defence & Security Solutions	577	10.3%	418	9.8%	838	11.0%	679	10.8%
Systems & Products	502	10.5%	526	11.2%	838	11.2%	862	11.7%
Aeronautics	274	6.3%	131	3.1%	414	6.0%	271	4.0%
Corporate	81		32		210		161	
Total	1,434	10.5%	1,107	8.9%	2,300	11.2%	1,973	10.2%
Structural costs	-112		-163		-270		-321	
Saab Group	1,322	9.6%	944	7.6%	2,030	9.9%	1,652	8.6%

Depreciation/amortization by business segment

SEK m.	9 mos. 2006	9 mos. 2005	Q3 2006	Q3 2005	12 mos. 2005
Defence & Security Solutions	59	68	18	28	102
Systems & Products	182	128	90	42	167
Aeronautics	88	88	31	30	124
Corporate - lease assets	217	318	67	94	419
Corporate - other	75	94	29	31	127
Saab Group	621	696	235	225	939

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Cash flow by business segment

SEK m.	9 mos. 2006	9 mos. 2005	12 mos. 2005
Defence & Security Solutions	577	399	539
Systems & Products	-240	422	485
Aeronautics	-91	818	1,570
Corporate	-2,588	104	-54
Saab Group	-2,342	1,743	2,540

NOTE 3 continued

Capital employed by business segment

SEK m.	Sept. 2006	Jan. 2006	Dec. 2005	Sept. 2005
Defence & Security Solutions	3,650	3,525	4,095	3,901
Systems & Products	8,212	4,191	4,191	3,741
Aeronautics	1,967	1,489	1,676	1,533
Corporate	- 1,664	4,281	3,524	3,807
Saab Group	12,165	13,486	13,486	12,982

PERSONNEL

Personnel by business segment

Number at end of period	Sept. 2006	Dec. 2005	Change	Sept. 2005
Defence & Security Solutions	4,703	4,737	-34	4,840
Systems & Products	5,301	4,168	1,133	4,153
Aeronautics	2,918	3,189	-271	3,220
Corporate	633	736	-103	611
Saab Group	13,555	12,830	725	12,824

NOTE 4

TAXES

SEK m.	9 mos. 2006	9 mos. 2005
Current tax	-86	-93
Deferred tax	-228	-165
Total	-314	-258

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 15, 2006 the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4 per share, totaling SEK 437 m. The Board's dividend motivation can be found on page 103 of the annual report 2005.

The Annual General Meeting on April 5, 2006 approved the Board's proposal and set April 10, 2006 as the record day and decided that the dividend would be paid on April 13, 2006.

NOTE 6

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

SEK m.	Sept. 30, 2006	Sept. 30, 2005	Dec. 31, 2005
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	1,645	1,097	1,243
Deposits	61	27	81
Short-term investments equated with liquid assets	-	-	250
Total according to balance sheet	1,706	1,124	1,574
Immediately cancelable overdraft facilities	-	-	-17
Total according to statement of cash flows	1,706	1,124	1,557

Operating cash flow vs. statement of cash flows

SEK m.	9 mos. 2006	9 mos. 2005	12 mos. 2005
Operating cash flow	-2,342	1,743	2,540
Financing activities:			
Pensions	- 2,620	-51	-95
Loans raised	991	78	-
Amortization of loans	-	-	-36
Dividend paid to the Parent Company's shareholders	-437	-409	-409
Dividend paid to minority interest	-	-	-4
Investing activities - interest-bearing:			
Short-term investments	4,813	-1,326	-1,553
Financial investments and receivables	-176	-66	-47
Cash flow for the period	229	-31	396

NOTE 7

ACQUISITIONS AND DIVESTMENTS

During the first quarter a joint venture was formed together with TietoEnator, TietoSaab Systems Oy. Saab's share is 40 percent. The company was formed through a non-cash issue where Saab contributed the net assets of Elesco Oy. In addition, TietoEnator received SEK 48 m. in cash. The transaction resulted in reported goodwill of SEK 48 m.

On March 27 the subsidiary Saab Metech AB was divested. The preliminary purchase price was SEK 253 m., which generated a profit of SEK 180 m. In the annual report 2005 Metech was reported as assets held for sale SEK 65 m. and liabilities attributable to assets held for sale SEK 37 m. The divestment had a positive effect on liquid assets of SEK 219 m. If the divestment had taken place on January 1, 2006 the Group's sales would have been SEK 57 m. lower for the period and net income for the period would have decreased by SEK 5 m., excluding capital gains.

On May 1 Saab acquired 100 percent of the shares in the South African electronics engineering company Aerospace Monitoring and Systems (Pty) Ltd (AMS). The purchase price was 25 million rand, which means that reported goodwill was 20 million rand. The acquisition was financed with liquid assets. Including liquid assets in the acquired company, the group's liquid assets declined by 20 million rand or approximately SEK 25 m.

No intangible assets have been identified for TietoSaab Systems and AMS. Goodwill is entirely due to synergies between the operations in Defence & Security Solutions and Systems & Products. The acquisition of these companies has not had any significant effect on assets, liabilities and equity as well as sales or operating income for the period (pro forma). The effect on Group's liquidity as of September 30, 2006:

Purchase price, cash	-79
Liquid assets (acquired)	6
Liquidity effect	-73
Interest-bearing liabilities	-
Effect on Group's net liquidity	-73

On September 1 Saab acquired all the shares (100 percent) in Ericsson Microwave AB, Maersk Data Defence A/S and 40 percent of the shares in Saab Ericsson Space.

The acquisition of Saab Ericsson Space is reported as a step-by-step acquisition, since Saab's interest prior to the acquisition was 60 percent and it was already consolidated in the Group.

The acquisitions of Ericsson Microwave Systems and Maersk Data Defence have the following effects on the Group's assets and liabilities:

Ericsson Microwave Systems AB (preliminary)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed assets	-	2,957
Tangible fixed assets	223	223
Financial fixed assets	87	87
Deferred tax assets	165	165
Inventories	171	171
Other receivables	1,690	1,690
Liquid assets	582	582
Provisions	-280	-280
Deferred tax liabilities	-55	-883
Advance payments from customers	-1,482	-1,482
Accounts payable and other liabilities	-927	-927
Net identified assets and liabilities	174	2,303
Goodwill		1,447
Purchase price		3,750
Liquid assets (acquired)		-582
Net cash flow out		3,168

Description of identified intangible assets

Intangible assets primarily consist of expenditures for product development/technology and customer relations. The amortization period is estimated at 5 to 15 years.

NOTE 7 continued

Maersk Data Defence A/S (preliminary)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed assets	-	86
Tangible fixed assets	2	2
Deferred tax assets	16	16
Inventories	19	19
Other receivables	23	23
Liquid assets	25	25
Provisions	-8	-8
Deferred tax liabilities	-	-24
Interest-bearing liabilities	-12	-12
Accounts payable and other liabilities	-61	-61
Net identified assets and liabilities	4	66
Goodwill		-
Preliminary purchase price ¹⁾		66
Liquid assets (acquired)		-25
Net cash flow out		41

1) Purchase price paid SEK 58 m.

Description of identified intangible assets

Product development/technology primarily consists of investments in a number of key technologies, the most prominent of which is the DACCIS command and control system. The amortization period is estimated at 15 years.

Reported goodwill from the acquisition of 40 percent of Saab Ericsson Space

SEK m.	
Purchase price paid	100
Less acquired net assets September 1, 2006	-75
Goodwill	25

The impact on the Group's liquidity as of September 30, 2006 has been as follows:

SEK m.	
Purchase price paid Ericsson Microwave Systems	3,750
Purchase price paid Saab Ericsson Space	100
Purchase price paid Maersk Data Defense	58
Cash and marketable securities Ericsson Microwave Systems	-582
Cash and marketable securities Saab Ericsson Space	-
Cash and marketable securities Maersk Data Defense	-25
Liquidity effect	3,301
Interest-bearing liabilities Ericsson Microwave Systems	-
Interest-bearing liabilities Saab Ericsson Space	-
Interest-bearing liabilities Maersk Data Defense	12
Impact on the Group's net liquidity	3,313

Effects if the acquisition had taken place on January 1, 2006

Revenue

Revenue January 1 - August 31, 2006 Ericsson Microwave Systems	1,840
Revenue January 1 - August 31, 2006 Maersk Data Defense	92
Total	1,932

Net income for the period

Income January 1 - August 31, 2006 Ericsson Microwave Systems	-29
Income January 1 - August 31, 2006 Maersk Data Defense	-18
Income January 1 - August 31, 2006 Saab Ericsson Space (40%)	2
Total	-45

NOTE 8

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund has assets of SEK 3,183 m. as of September 30, 2006. The fund's return during the period is SEK 85 m., including a market valuation of assets of SEK 22 m. The solvency margin since the fund's inception in March 2006 has increased slightly.

NOTE 9

COMMITMENTS AND CONTINGENT LIABILITIES

No additional contingent liabilities were added during the period other than those that arose through the acquisition of Saab Microwave Systems, which amounted to approximately SEK 970 m.

NOTE 10

TRANSACTIONS WITH RELATED PARTIES

There are no related parties with whom the Group has significant transactions. See also the annual report for 2005, note 42.

NOTE 11

CONDENSED SUBDIVIDED BALANCE SHEET AS OF SEPTEMBER 30, 2006

SEK m.	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Assets				
Intangible assets	7,900	-	-	7,900
Tangible fixed assets	4,607	-	-	4,607
Lease assets	-	2,920	-	2,920
Long-term interest-bearing receivables	559	-	-	559
Shares etc.	1,849	-	-1,500	349
Deferred tax assets	42	81	-	123
Inventories	5,021	4	-	5,025
Short-term interest-bearing receivables	216	-	-	216
Other receivables	8,515	635	-	9,150
Cash and marketable securities	1,607	99	-	1,706
Total assets	30,316	3,739	-1,500	32,555
Shareholders' equity and liabilities				
Shareholders' equity	9,756	1,450	-1,500	9,706
Provisions for pensions	431	-	-	431
Deferred tax liabilities	750	-	-	750
Other provisions	2,057	714	-	2,771
Interest-bearing liabilities	2,028	-	-	2,028
Lease obligations	-	830	-	830
Advance payments from customers	4,364	-	-	4,364
Other liabilities	10,930	745	-	11,675
Total shareholders' equity and liabilities	30,316	3,739	-1,500	32,555

NOTE 12

FORECAST 2006

The forecast for 2006 in Saab's six-month interim report released on July 14, 2006 was worded as follows:

Forecast 2006

Saab's long-term financial objectives remain unchanged: 5 percent organic growth and an operating margin of 10 percent over a business cycle.

For 2006 Saab expects growth of nearly 10 percent. The organic growth will be somewhat lower than 5 percent and the remainder is due to the inclusion of Grintek for the whole year as well as the acquisition of EMW from September 2006. The growth forecast remains unchanged, since the effect of a later-than-expected start to work on the surveillance system for Pakistan will be offset by higher sales for four months following the acquisition of EMW.

In accordance with the previous forecast, the underlying operating margin, excluding EMW, is expected to reach the 10-percent target before structural costs of approximately

SEK 250 million charged against income 2006. A more detailed account of the effect of the acquisition of EMW on the Saab Group's income statement and balance sheet will be provided in connection with the interim report on operations through September 2006, which will be released on October 20 subject to the approval of the acquisition by relevant authorities."